 **Disability Waiver Rate Setting changes contained in HHS Omnibus Bill, FY 2018-2019**

 May 30, 2017

MOHR Members,

As you may have heard in the news, Governor Dayton signed the major Omnibus Finance bills into law yesterday, including the Health and Human Services and Jobs bills. Below you will find a reminder of the list of **DWRS components included in the HHS bill**. Also as a reminder, the Jobs bill contained a rate increase for EE providers of  $500,000 for this coming state fiscal year (FY18), $1 million increase in FY19, another $2 million for FY20 and another $2 million in FY21. We are working on our annual comprehensive summary report of the session that we will share with you all as soon as it is ready, it will include further detail on DWRS and Extended Employment other items of interest to MOHR from this past session.

We do want to note that in the letter Governor Dayton submitted with his signing of the HHS bill, he called out the **DWRS 7% offset** issue specifically. Here is what he said:

“Returning the state to strong fiscal standing has been my top priority. I was disappointed that Legislative leaders refused to fix an issue with the forecasted costs of the **Disability Waiver Rate Setting program**. Without the change that I recommended in my Supplemental Budget, the bottom line in the November 2017 forecast for FY 2018-2019 will be reduced by more than $30 million and the FY 2020-2021 forecast will be reduced by over $113 million. The Legislature's decision to ignore this concern puts the state's future fiscal health at unnecessary risk.” Here is a link to the full letter: <http://mn.gov/gov-stat/pdf/2017_05_30_Chapter_06.pdf>.

While Governor Dayton did sign all of the Omnibus Finance bills sent to him, he did also line-item veto funds appropriated to run the legislature. This could cause additional negotiations or legal action, at this time it is not clear what this will look like but we will share additional information as it becomes available.

Thanks,

Anni, Kevin and Shep ( Lobbyists for MOHR )

Below is an outline of the **DWRS components** contained in the HHS bill signed by Governor Dayton, most of which will have a neutral or positive impact on individual rates. However please be reminded that individual rates may not see the full positive impact of the changes below until banding expires.

● Preserve the scheduled July 1, 2017 inflationary adjustment **without a 7% offset** as suggested by the Governor.  Inflationary adjustment will occur next on 7/1/2022, and after that will be **adjusted every 5 years**. ( proposal was every 2 years )

● 7th year of banding for all providers ( pending CMS approval )

●  Inflationary adjustments that have a multiplier impact are eliminated

● Elimination of the Budget Neutrality Factor ( CMS would not approve )

●  **Provider Transition Grants** targeted to providers with revenues decreases of 10% or more. The exact amount of the transition grants have been changing, but funds do remain.

●  Component value changes to Overnight Night Sleep Staff, effective date to 1/19

●  Component value changes to Housing Access Coordination Staff

●  Component value changes to Supervisory Staff, effective date to 1/19

●  Component value changes to Registered Nurse, effective date to 1/19

●  Component value changes to Licensed Practical Nurse

●  Component value changes to Day Absence and Utilization Factor beginning 1/1/2019 **increase factor from 3.9 to 9.4**

●  Component value changes to Change Nursing Aide to Nursing Assistant

●  Component value changes to Changes to Component Values for Unit Based Services

● **Three Employment Services Created –** Exploratory, Developmental, Support Services

●  Independent Living Skills Specialist Created

●  Independent Home Supports

● **Study of Absence and Utilization Factor for Day**

● **Collection of Day Transportation Data**

● **Transportation Study**

**● Provider Cost Review**

● Technical Banding Change

● Technical Research Requirement Modifications

● **Technical Regional Variance Factor Change**

